APPENDIX.

62D CONGRESS, 2d Session. } HOUSE OF REPRESENTATIVES. { REPORT No. 848.

REPAYMENT OF CERTAIN WAR-REVENUE TAXES.

JUNE 6, 1912.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. MCGILLICUDDY, from the Committee on the Judiciary, submitted the following

REPORT.

[To accompany H. R. 24699.]

The Committee on the Judiciary, having had under consideration the bill (H. R. 24699) extending the time for the filing of claims for the repayment of certain war-revenue taxes erroneously collected, report the same back with the recommendation that it be amended as follows, and that as amended the bill do pass:

Line 6, page 1, strike out the words "July first" and insert in lieu thereof the words "June thirteenth."

Line 3, page 2, strike out the word "the" and insert in lieu thereof the word "such."

Line 4, page 2, strike out the word "of" and insert a comma after the word "collection."

This bill was prepared at the request of and has the approval of the Committee on Claims, before

which private bills are pending, and it also has the approval of the Secretary of the Treasury.

The sole object of this bill is to extend the time to January 1, 1914, for the filing of claims for refund of taxes erroneously assessed or illegally collected under the war-revenue act of June 13, 1898. (See Knowlton *v.* Moore, 178 U. S. Rep., p. 41 et seq.)

Congress has passed acts for the refund of certain taxes, such as on foreign bills of lading, manifests, and foreign bills of exchange, as well as passing the act of June 27, 1902, which provided for the refund of certain taxes collected on charitable bequests and certain contingent beneficial interests, but no provision has as yet been made for the refund of taxes illegally collected where the rates were excessive or the tax was illegally exacted, under decisions of the United States courts, such claims being barred under section 3228 of the Revised Statutes, which requires a claim for refund to be made within two years from the date of the payment of the tax.

These cases were practically barred at the time of the adjudication of the questions involved by the courts, and these taxes are practically trust funds in the United States Treasury belonging to the claimants, and a reasonable time ought to be given in which to present these claims, which your committee is of the opinion should be fixed as January 1, 1914.

Congress has repeatedly passed special acts under the same conditions, and there appears to be many bills providing for the refund of such taxes which have passed the Senate at this session, in which favorable reports have been made and which are now pending on the House calendar, and some of which are yet pending before the House Committee on

Claims. Furthermore, the Secretary of the Treasury has several times recommended that general legislation be enacted giving these claimants additional time in which to present claims for the refund of taxes erroneously assessed or illegally collected under the act of June 13, 1898, commonly known as the Spanish War revenue tax act.

The particular taxes sought to be refunded under the authority of this legislation were those collected on legacies and inheritances, in accordance with section 29 of the act above mentioned. The Treasury Department exacted a tax on the full value of the estate, while the Supreme Court of the United States in Knowlton v. Moore decided that the tax should have been collected on the distributive interest; and as the law provided that legacies under $10,000 should be exempt from this taxation, the court further held that where the distributive share was less than $10,000 no tax thereon was collectible.

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